

2003 COMMUNITY LENDING PLAN

I. Introduction

The Community Investment Cash Advance (CICA) regulations require each Federal Home Loan Bank to establish a Community Lending Plan. This plan, to be adopted on an annual basis, shall be approved by the Bank's Board of Directors and shall address the following areas:

1. the Bank's market research within the District;
2. how the Bank will address the unmet credit needs identified within the District; and
3. how the Bank will establish quantitative community lending performance goals.

II. Market Study & Needs Analysis

In 2001, a survey was distributed to 4,498 individuals, including three different representatives from each Bank member institution and 2,008 community development organizations (non-profit housing organizations, Small Business Development Centers, state housing finance agencies, and others). The survey was conducted to assess community lending needs, barriers to community development, actions and resources needed to increase the level of community development, and suggestions for products and services that the Bank might offer.

A comprehensive analysis of data gathered from secondary sources was conducted during the summer of 2001. The Bank thoroughly reviewed the Consolidated Plans of member banks within the five-state District, as well as 2000 census data and other materials.

III. Market Research Analysis Results

Several unmet or underutilized opportunities and needs became apparent. These included:

1. A continued need for affordable housing production. The demand for down payment assistance continues to be a barrier to homeownership.
2. Financing for micro-loans and other small business loans.
3. Additional capital to assist small businesses with start-up needs.
4. A strong desire for technical assistance for small businesses and member institutions.

IV. Technical Assistance

1. **Community Development Workshops:** The Dallas Bank conducted 10 training workshops with approximately 800 people in attendance in the spring and fall of 2002. These workshops were held in the following locations:

- a. Shreveport/Baton Rouge - LA
- b. Pine Bluff/Bentonville - AR
- c. Albuquerque/Las Cruces - NM
- d. El Paso/Dallas - TX
- e. Jackson/Biloxi - MS

2. **Technical Assistance:** The Bank staff is available to assist members, nonprofit organizations, local governments, for-profit developers and community groups with the design of affordable housing and community development projects.

V. Current Programs

1. The Bank offers the following programs related to housing:
 - a. Affordable Housing Program (AHP)
 - b. Homeowner Equity Leveraging Partnership (HELP)
 - c. Community Investment Program (CIP)
 - d. Partnership Grant Program
 - e. Disaster Relief Program
2. The Bank offers the following programs related to community development:
 - a. Economic Development Program (EDP)
 - b. Economic Development Program^{Plus} (EDP^{Plus})
 - c. Disaster Relief Program

VI. New Initiatives

The Bank continually assesses the needs of its members, and offers new products and services when market research indicates a need. The HELP and EDP^{Plus} initiatives, unveiled in February 2002, are two examples of the Bank's responsiveness to the changing needs of its members.

1. HELP Overview:
 - a. Funds are available to match savings accumulated by first-time homebuyers for down payment and/or closing costs at a maximum ratio of 4:1 (not to exceed \$6,000/homebuyer).
 - b. Funds are allocated to member institutions on a first-come, first-served basis.
 - c. Homebuyers are required to complete a homebuyer education course.
 - d. A total of \$2 million in HELP funds were available in 2002.
 - e. Each member may apply for up to \$50,000 per year.
2. EDP^{Plus} Overview:
 - a. Funds may be used to assist small businesses in accessing needed working capital for start-up or expansion for the purpose of:
 1. purchasing buildings
 2. constructing buildings
 3. facility expansion
 4. machinery and equipment purchase
 5. closing costs
 - b. Funds are allocated to members on a first-come, first-served basis.
 - c. Funds must be used in conjunction with an EDP advance and small business owner equity.
 - d. A total of \$1 million in EDP^{Plus} funds were made available for allocation in 2002.
 - e. Members may apply for a maximum of \$100,000, with up to \$25,000 in funding available for any one small business.
 - f. The total finance package (total of EDP^{Plus} funds, EDP advance, and owner equity) may not exceed \$167,000 per small business.

VII. 2002 Goals

Programs / Actions	2002 Goals
<i>New CICA Advances Funded</i>	\$170mm
<i>Implement AHP Matching Fund Set-Aside – HELP</i>	Award \$1mm
<i>Implement Working Capital Grant Program - EDP^{Plus}</i>	Award \$1mm

VIII. 2003 Goals

The 2003 goals will be established during the Strategic Planning process and presented to the Board for approval. Once approved, they will be incorporated into the Community Lending Plan. During 2003, the Bank will continue to meet with community groups, small business development organizations and Bank members to identify relevant needs and issues. The Bank will strive to increase its outreach efforts and education with respect to economic development initiatives, while continuing to emphasize its housing programs and efforts.

Programs / Actions	2003 Goals
<i>New CICA Advances Funded</i>	\$250mm
<i>New CICA Advances Users</i>	30
<i>Complete Implementation of EDP^{Plus}</i>	Award \$1mm